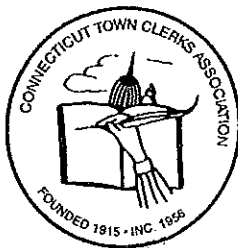


Connecticut Town Clerks Association, Inc.



TESTIMONY

Banks Committee

Tuesday, February 19, 2013

HB No. 6355 (Section 8), An Act Concerning Homeowner Protection Rights

Good afternoon Senator Leone, Representative Tong, Senator Linares, Representative Alberts and the distinguished members of the Banks Committee. My name is Antoinette C. Spinelli and I am the Town Clerk in Waterbury and the Chair of the Legislative Committee for the Connecticut Town Clerks Association. The Town Clerks Association sincerely appreciates the opportunity to provide testimony in support of Governor Malloy's proposal, House Bill 6355, An Act Concerning Homeowner Protection Rights.

Specifically, the Town Clerks Association appreciates Governor Malloy's inclusion of section 8 in House Bill 6355 that requires mortgages assignments to be recorded with the Town Clerk in the municipality where the property is located. Since the inception of the Mortgage Electronic Registration System or MERS the homeowner has had an increasing difficult time identifying the owner of their mortgage. The homeowner should be able to identify who owns their loan by going to the land records in a municipality. Under current law, if the mortgage assignment is filed with MERS the assignor is not required to record the mortgage with the town clerk's office. The failure to record assignments has made it difficult for homeowners to identify the lender that owns the mortgage and has made it difficult to properly search and gain clear title to the property. The intention of Section 8 of House Bill 6355 provides for accurate and complete land records and would be beneficial to homeowners, lenders, title searchers, attorneys, municipalities and other interested parties who rely on accurate land records.

In addition, MERS Corporation recently made claims to holding title on roughly half of all home mortgages nationally (*New York Times* 3/2/11). If that figure holds true for Connecticut, the state and municipalities are losing out on a substantial amount of revenue every time a mortgage assignment is filed with MERS. Each mortgage assignment recorded with a town clerk generates revenue (\$53) for the state and municipality in the following manner:

- \$36 – to the State Treasurer to fund the Community Investment Act
- \$2 – to the State Library for historic preservation of documents
- \$3 – to municipalities for capitol improvements
- \$2 – to town clerks for document preservation
- \$10 – to the general fund of a municipality

In conclusion the Town Clerks Association recommends an amendment to section 8 to ensure that the chain of title and accuracy of land records is maintained. This clarification would ensure the public that they have important information regarding their mortgage and subsequent assignments available to them at every Town Clerks' office in the state. As such, the Association has attached an amendment to our testimony to address this needed clarification.

Finally, we support the penalties imposed for those who fail to properly record these documents.

Thank you for this opportunity to testify. I would be happy to answer any questions that you may have.

Respectfully submitted,

Antoinette Chick Spinelli, CMC, CCTC
Waterbury Town Clerk
Chair, CTCA Legislative Committee

Amendment Request to:

Governor's Bill No. 6355, An Act Concerning Homeowner Protection Rights

February 19, 2013

Sec. 8. Subsection (g) of section 49-10 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(g) Any assignor of mortgage debt shall record the assignment in the town clerk's office in the municipality where the property is located. [report biannually to the Secretary of the Office of Policy and Management regarding every mortgage assignment involving property located in this state.] If such an assignment is not recorded in the municipal land records, the assignor [shall pay to the State Treasurer for each such assignment a fee of forty dollars. Thirty-six dollars of such fee shall be deposited into the General Fund and credited to the community investment account established pursuant to section 4-66aa. The State Treasurer shall remit four dollars of such fee to the municipality in which the property is located to become part of the general revenue of such municipality and be used to pay for local capital improvement projects, as defined in section 7-536. The report shall contain (1) the name, address, telephone number and electronic mail address of the registrant; (2) a list containing the street address and municipality in which security for such assigned mortgage debt exists; and (3) the date of execution of such assignment. Any person who violates any provision of this subsection] shall be subject to a civil penalty of one hundred dollars for each day of such violation. Each failure to [report] record any single assignment shall constitute an independent violation. The Attorney General may institute a civil action in Superior Court to collect such penalty, which shall be payable to the state. Recordation of an assignment of mortgage debt is not sufficient notice of the assignment to the party obliged to pay for purposes of subsection (d) or (e) of this section.